

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

June 22, 2004

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FROM: **DAVID H. SLAUGHTER**, Director
Real Estate Services Department

EDOUARD P. LAYAYE, Commissioner/Sealer
Department of Agriculture/Weight and Measures

SUBJECT: **LEASE AMENDMENT WITH THE VACKAR 1985 REVOCABLE TRUST**

RECOMMENDATIONS: Approve Amendment No. 6 to Lease Agreement No. 96-565 with the Vackar 1985 Revocable Trust to extend the term through June 30, 2007 for 585 square feet of office space in Victorville for the Department of Agriculture/Weights and Measures (DAWM) in the amount of \$15,660.

BACKGROUND INFORMATION: On June 25, 1996, the Board approved a three-year lease agreement (No. 96-565) with one one-year option for 585 square feet of office space at 14477 Armagosa Road in Victorville. The original term of the lease was July 1, 1996 through June 30, 1999. In the eight years since the lease was originally approved, the Board has approved five amendments, which are summarized below:

<u>Amend. No.</u>	<u>Approval date</u>	<u>Action</u>
1	Mar. 24, 1998	<ul style="list-style-type: none">• Approved a Subordination and Attornment Agreement between the County and Landlord
2	June 29, 1999	<ul style="list-style-type: none">• Exercised the one one-year option to extend the term to June 30, 2000
3	Mar. 21, 2000	<ul style="list-style-type: none">• Extended the term two years to June 30, 2002• Added two one-year options to extend the term• Added County Child Support Compliance Program provision to the lease
4	Apr. 23, 2002	<ul style="list-style-type: none">• Exercised the first one-year option to extend the term to June 30, 2003• Reflected a change in ownership to the Vackar 1985 Revocable Trust• Increased the monthly rent from \$375 (\$0.64/sq.ft./modified gross) to \$400 (\$0.69/sq.ft./modified gross)• Added lease provisions regarding former County officials, hazardous substances, and condemnation
5	Sept. 23, 2003	<ul style="list-style-type: none">• Exercised the second of two one-year options extending the term to June 30, 2004• Increased the monthly rent from \$400 (\$0.69/sq.ft./modified gross) to \$415 (\$0.71/sq.ft./modified gross)• Authorized Real Estate Services Department (RESA) to negotiate further extensions to Lease Agreement No. 96-565

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There are no remaining options to extend the term of this lease and DAWM desires to stay at this location. On September 23, 2003, the Board authorized RESD to negotiate further extensions to this lease agreement. County Policy 08-02-01 regarding the lease of privately owned real property for County use allows the use of an alternative procedure when compliance with the requirements of a formal request for proposals or solicitation of proposals would unreasonably interfere with the financial or programmatic needs of the County or when the use of an alternative procedure would otherwise be in the best interest of the County. New tenant improvements and moving costs would not be incurred if the department were able to remain at this location.

RESD negotiated a three-year extension of the term from July 1, 2004 through June 30, 2007 and two three-year options. The lease terms are summarized as follows:

Lessor:	Vackar 1985 Revocable Trust (Anthony R. Vackar and Cherie E. Vackar, Co-Trustees)			
Location:	14477 Armagosa Road, Victorville			
Size:	585 sq. ft. of office space			
Term:	Three years commencing July 1, 2004			
Options:	Two three-year options			
Rent:		<u>Cost per sq. ft. per month</u>	<u>Monthly</u>	<u>Annual</u>
(old)		\$0.71	\$415	\$4,980
(new)		\$0.73*	\$425	\$5,100
		*Low range for the Victorville area		
Annual increases:	2.5%			
Improvement costs:	None			
Custodial:	Provided by County			
Maintenance:	Provided by Lessor			
Utilities:	Provided by County			
Right to terminate:	County has the right to terminate with 90-days notice			
Parking:	Sufficient for County needs			

REVIEW AND APPROVAL BY OTHERS: This item has been reviewed by County Counsel (Rex Hinesley, Chief Deputy County Counsel, 387-5465) on April 28, 2004; DAWM (John Gardner, Chief Deputy Commissioner, 387-2117) on May 17, 2004; and the County Administrative Office [Daniel R. Kopp (387-3828) and Wayne Thies (387-5409), Administrative Analysts] on June 14, 2004.

FINANCIAL IMPACT: The total cost of this three-year amendment is \$15,660. The total cost in 2004-05 will be \$5,100 (\$425 per month x 12 months). Payments will be paid from the Rents budget (AAA RNT) and reimbursed from DAWM's budget (AAA AWM). Appropriation is included in both budgets for 2004-05. Other costs associated with this lease include janitorial and utility expenses.

Annual lease costs are as follows:

<u>Year</u>	<u>Annual lease cost</u>	<u>Estimate of other costs associated with this lease</u>
July 1, 2004 to June 30, 2005	\$5,100	\$1,785
July 1, 2005 to June 30, 2006	\$5,220	\$1,830
July 1, 2006 to June 30, 2007	\$5,340	\$1,876

COST REDUCTION REVIEW: The County Administrative Office has reviewed this agenda item, concurs with the department's and RESD's proposal, and recommends this action based on the continuing need for a DAWM office in the Victorville area. Consolidation of this space with other existing space has been explored and no feasible opportunity exists at this time. The lease can be terminated with 90-days notice.

SUPERVISORIAL DISTRICTS: First

PRESENTER: David H. Slaughter, Director, 387-7813

DH 387-7814 mf 387-7825